Audit's

NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

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TRUST SHARES FOR YOUR ATTENTION

In the wake of last week's break in REIT shares, we suggest placing primary emphasis on accumulating shares of *Associated*, *Continental Illinois*, *Larwin* and *North American Mortgage*. Other recommendations and our suggested investment policy.....p.5

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YOUR INVESTMENT STRATEGY IN THE POST-HOLLADAY MARKET IN REITS

By now the quotation carnage which struck REIT shares Nov. 18-19 is history; investors must continue to look forward. To aid you in that effort, we have expanded this issue to make a detailed examination of the reasons for the massive sell-off in REIT shares and offer our recommendations for investment posture. (This topic will be examined by four industry leaders at a seminar Dec. 9-10 in San Francisco. Your editor will take part. Contact Marketing Information Network, 420 Lexington Ave., New York 10017 for details.)

Ostensibly the selling deluge is blamed upon *Continental Mortgage Investors.* Massive selling began the morning of Nov. 18 after Durand Holladay, secretary, trustee and a founder of Continental Mortgage Investors, told *The New York Times* that CMI's earnings would be down in the next two quarters. The decline will break CMI's 9½-year string of unbroken quarter-to-quarter increases. Since trust pioneer CMI carried one of the group's highest price/earnings ratios and has the largest market valuation, the news provoked an across-the-board selloff that has seldom been equalled for intensity. CMI share prices were sliced by 31.5%, from 19 to 13, within two days by furious selling. In that first day the price of an average NYSE-listed share sank by nearly 11% and the selling sliced $262 million from market valuations of the 16 NYSE-listed REITs. In the month to Nov. 22, all REITs shed $670 million market value, off 13.4%.

For the week, 2.55 million REIT shares were traded on the NYSE, equal to 4.2% of total NYSE trading. On the ASE, volume ran nearly the same at 2.65 million shares, amounting to 16.9% of all shares traded during the week. The Paine-Webber index of REIT shares, maintained by the brokerage firm of Paine, Webber, Jackson & Curtis, declined 4.5% for the week ended Nov. 18 to 395. As shown on page 2, the index had been declining almost consistently for four weeks preceding the big break.

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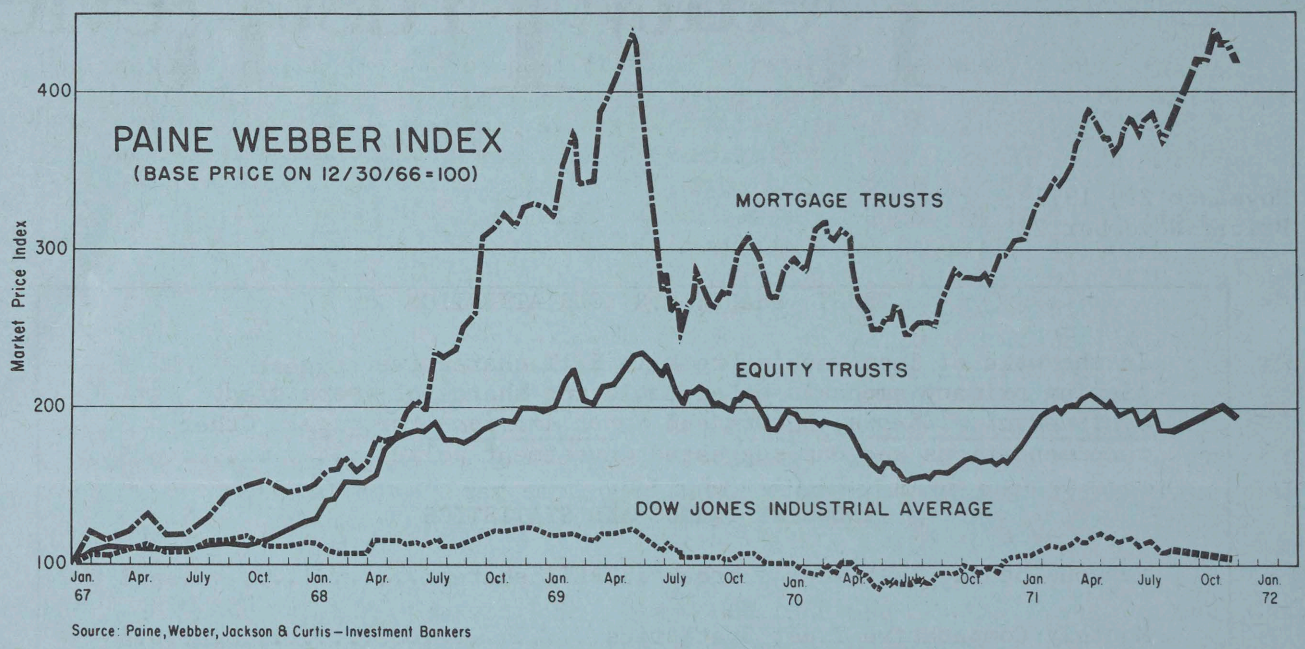

Source: Paine, Webber, Jackson & Curtis – Investment Bankers

This persistent weakness before the massive decline was due to technical market reasons. It was these reasons which led us to observe that better buying opportunities appeared ahead in our latest (Nov. 15) RTR. As one of the strongest market groups this year, the REITs naturally are the target for profit taking. This is a normal event during the fourth quarter of any year as investors begin thinking of nailing down capital gains profits. This year the mutual funds--especially the growth funds--have been under pressure to take profits to cover redemptions. The funds have been in a net redemption position for four of the last five months and the redemptions have been concentrated in the growth funds; bond and income funds have sold over $1 billion net new funds this year and it is believed a fair amount of this has gone into REIT shares. But this has not overcome selling by other investors.

But the fundamental question is whether the shock-treatment of Continental's earnings decline has carried the market reaction much too far, or whether the decline is justified. No little part of the market's extreme reaction was due to Durand Holladay's comments that many new entrants into the trust field appear to have abandoned traditional underwriting standards. This broad accusation about the trust field was what really sent shudders through investors, because if it is true, then the reaction may be partly justified. So first you must examine industry conditions for lending, especially for short-term construction and development lending trusts, the most numerous category.

First, the charges, if they apply, apply only to short-term mortgage lending. The stock market has largely ignored this distinction and as a result the long-term mortgage trusts have taken it on the chin, albeit with less severity, in the sell-off. This indiscriminate dumping has driven prices of long-term trusts well below reasonable valuations and some suggestions for purchases in this area are detailed later.

Second, the charge of "relaxed, if not totally eliminated" underwriting standards is a generalization which requires considerable interpretation--interpretation which the market is not yet making. The crux of this issue is the loan-to-value ratio which is appropriate for short-term construction lending. Continental grew under a policy dedicated to the 75% loan-to-value ratio, which in most instances requires the builder-

developer to have about 10% equity money in a project.

But many newer trusts have moved to 80%-85% loan-to-appraised value ratios, and while "appraised value" is generally lower than "fair market value," these loans can be slightly larger. At the higher end a builder-developer may be able to "mortgage out"--i.e., the loan covers all construction costs except perhaps continuing overhead. In a few instances builders have tried to negotiate loans that provide "take-home" money, or mortgage proceeds above actual cost. Nearly all trusts have resisted this. Those favoring the higher loan-to-value ratios say a structure's ability to rent and generate income is the true security for a construction loan. Moreover California banks have been following the 85% of appraised value rule for 20 years.

So the Continental shot-gun blast boils down to a head-on confrontation over lending standards. Continental management is convinced it is right, and is pained that executives of many other trusts are not joining its condemnations. Managements of numerous other trusts say CMI just isn't describing the market in which they operate. This is a case in which both sides have some merit, meaning that the truth lies somewhere between. If so, the extreme position of Continental probably is overdone.

For one thing, CMI's sheer size has forced it to move away from its traditional markets among smaller builder-developers and compete for larger and larger projects. This has brought them head-to-head with the larger national banks and regional banks, as well as against the institutionally sponsored trusts like Chase Manhattan Trust. And sheer size makes rolling over loans more and more difficult; with a portfolio approaching $400 million, CMI had to originate $100 million new loans each quarter merely to keep even.

But CMI took its position because it is fighting hard against industry practices which will cause its portfolio to decline in the December quarter, the first time this has ever happened to the trust. CMI's mortgage loan portfolio rose by less than $8 million in the September quarter to $380.0 million gross before loss reserves. This is the lowest dollar gain in over three years (when CMI was half its present size) and was up only 2.1% for the quarter, vs. a 7.2% gain in the year-ago quarter and 15.9% two years ago.

Management will not speculate on how long declining loan holdings will continue but it is a fair bet that the March quarter will see some further erosion. After that CMI's loan origination force, still the largest independent force in the business, should start recording further gains.

CMI further indicates that its spread on new loan originations is narrowing to the point of being unprofitable. Management bases this statement upon a marginal cost analysis, saying its short-term commercial paper costs about 5.5% now, including the cost of holding compensating bank balances, and that management and other costs add 2.0% to this, or a total cost of 7.5% for borrowings. Current loan originations are said to be generally in the 9%-9½% area, so that the incremental profit to the shareholder is pared to 1½%-2%. The trust is unwilling to go below this generally. For instance, one large loan was repaid recently as the builder obtained substitute bank financing at 2½% over prime--or an 8% loan.

By our calculations (see table, page 4), CMI's realized spread has narrowed but not to the extent management says. Our calculations base portfolio yield on the average of quarterly beginning and ending holdings. On this basis CMI's portfolio had a 12.39% yield in the quarter, up from the June quarter. Management says daily average outstanding loans were higher, and that actual portfolio yield was slightly below 12%. By our calculations, the net realized spread on borrowings was 4.42%,

STATISTICS ON FIVE SHORT-TERM TRUSTS IN A COMPETITIVE MARKET

Quar.	Invest. (Mil.$)	----% of Avg. Investments---- Port. Yield(%)	All Expen.	Operating Margin	Indic. Money Cost	Spread on Borrowings*	Earn./ share
			Continental Mortgage Investors				
Dec.'70	$335.46	12.21%	2.19%	10.02%	6.19%	3.83%	$0.28
Mar.'71	359.03	11.69	2.19	9.50	4.93	4.57	0.29
June	372.13	11.68	2.14	9.54	4.92	4.62	0.30
Sep.	380.05	12.39	2.25	10.14	5.72	4.42	0.31
			Continental Illinois Realty				
Dec.	88.58	12.58	2.17	10.41	8.30	2.11	0.55
Mar.	103.93	10.89	2.24	8.65	4.60	4.05	0.60
June	110.17	10.90	1.52	9.38	6.27	3.11	0.62
Sep.	106.26	10.63	1.70	8.93	4.88	4.05	0.64
			Associated Mtg. Investors				
Dec.	47.45	16.96	3.03	13.93	12.67	1.26	0.55
Mar.	48.85	16.05	2.10	13.95	13.43	0.52	0.60
June	51.66	14.75	1.71	13.04	12.07	0.97	0.60
Sep.	57.65	15.08	2.10	12.98	12.28	0.70	0.67
			North American Mortgage Inv.				
Dec.	70.18	15.38	1.70	13.68	7.78	5.90	0.51
Mar.	79.46	15.02	1.99	13.03	6.43	6.60	0.53
June	98.00	14.72	1.88	12.84	6.36	6.48	0.55
Sep.	99.63	13.83	1.44	12.39	6.03	6.36	0.57
			Larwin Mortgage Inv.				
Dec.	39.18	12.48	2.18	10.30	3.75	6.55	0.50
Mar.	44.09	13.35	2.31	11.04	5.99	5.05	0.53
June	61.42	12.96	2.21	10.75	5.59	5.16	0.59
Sep.	62.37	12.30	2.12	10.18	4.83	5.35	0.62

*Operating margin minus indicated money cost. Source: THE REAL ESTATE TRUSTS: AMERICA'S NEWEST BILLIONAIRES, p. 273, 305, 307, 363, 391.

down from prior quarters. This is why CMI forecasts earnings falling to $0.49-$0.54/sh. in the next two quarters, vs. $0.61 in the latest two quarters through September.

As one of the more highly leveraged trusts, CMI is more susceptible than others to the impact of declining portfolio and narrowing spreads. Thus CMI is feeling the impact of conditions almost peculiar to itself. CMI's leverage ratio is among the highest, and it is useful to look at this leverage ratio on both a fully converted and unconverted basis. On a fully converted basis, CMI shows $210.8 million short-term debt, primarily commercial paper, as of Sept. 30, or a 1.03-to-1 fixed debt-capital funds ratio compared to the $205.5 million in equity and convertible debt on CMI's balance sheet. But CMI's capital is nearly half--or $99.1 million--represented by convertible debt. This debt is convertible at $20.12 and $22.25 per share, or well above current quotations. Near-term conversion is not likely, so that CMI's leverage ratio has to be thought of as approximately 3-1. Figured either way, CMI's ratios are among the highest in the industry, comparing with a fixed debt/capital funds ratio of 0.63-1 for all short-term trusts and a 1.01-1 total debt/equity ratio for this same group.

The effect of all this has been to make CMI vulnerable to declines in portfolio yield, for leverage tends to magnify itself on the downside. The opposite effect can be observed in the data of *Continental Illinois Realty* last spring, when portfolio yield declined by 1.60% in the two quarters through June. To compensate, CIR increased leverage and loan holdings sharply, increasing earnings. Continental Mortgage on the other hand was not able to pull this off.

Our near-term policy recommendations: accumulate good quality trusts and upgrade portfolio. Consider tax-loss selling if that fits your overall portfolio. The market for existing trust shares will remain weak for some time, since wounds of this depth do not heal quickly. This allows time for accumulation and upgrading. New offerings of REITs should dry up for a time, much as they did after 1969's market break--exactly the impact sought by Continental.

For specific short-term trusts, place primary emphasis on accumulating the four issues profiled on Page 4. *Associated* has been held back by higher money costs which should alleviate over the next three quarters. *Continental Illinois* portfolio will be down in the December quarter and near-term earnings may pause; the longer-term outlook is attractive. *Larwin* is expanding origination capability and making increasingly sophisticated deals. *North American* earnings will be up the next three quarters. Other sound buys are *CI Mortgage, Unionamerica, Great American, Sutro, Galbreath, Cameron-Brown, American Century* and *Guardian*. Long-term mortgage trusts are generally attractive; our favorites are *Connecticut General, BT Mortgage* and *BankAmerica Realty*. Our longer-term policy emphasizes management quality. CMI has demonstrated that trust earnings can be as volatile as real estate itself. Expect some quarter-to-quarter declines and instead concentrate upon longer-term growth.

WEEKLY TRADING TRENDS IN LISTED TRUST SECURITIES

	--Oct. 22--		--Oct. 29--		--Nov. 5--		--Nov. 12--		--Nov. 19--		---Totals----	
	No.	Th.Sh.	No.	Th.Sh.	No	Th.Sh.	No.	Th.Sh.	No.	Th.Sh.	Th.Sh.	%
Advances	14	540.6	13	233.2	40	1,144.8	12	234.2	2	77.0	2,229.8	17.4
Declines	53	1,726.2	46	1,188.9	26	652.0	54	1,351.6	67	5,103.4	10,022.1	78.4
Unchanged	3	37.9	11	218.2	4	178.7	4	88.3	1	11.8	534.9	4.2
TOTAL	70	2,304.7	70	1,640.3	70	1,975.5	70	1,674.1	70	5,192.2	12,786.8	100.0
Avg. Cl. Pr.		$20.37		$20.01		$20.33		$19.83		$17.74		
NYSE-Vol.Th.Sh.		896.1		575.3		675.4		679.5		2,545.2		
-Avg.Pr.		$31.11		$30.61		$31.27		$30.45		$26.73		
ASE-Vol.Th.Sh.		1,408.6		1,065.0		1,300.1		994.6		2,647.0		
-Avg.Pr.		$17.19		$16.87		$17.09		$16.69		$15.08		

COMPARATIVE TRUST STATISTICS
How to use these statistics--Please read carefully

The data inside are intended to facilitate comparison of relative efficiency of trust management with funds available during the latest period. Every effort has been made to present data for that purpose. Readers should note that the data are historical and not projections of future trends. This holds especially for dividends, which vary with each quarter's earnings for most mortgage trusts and thus are not to be considered in any way as guaranteed yields.

The heart of the comparisons is annualization of current earnings and dividend rates. For mortgage trusts, this is done by multiplying the latest quarter by four without seasonal adjustment. These earnings are adjusted for conversion of debt (i.e., fully diluted) but not for exercise of warrants, as described below. For equity trusts, net cash flow (defined as earnings plus depreciation and non-cash charges minus mortgage amortization) has been used and any known seasonal factors applied. The symbol "#" denotes use of cash flow in the earnings columns. Group averages may be reduced to the extend new trusts are included in any given group.

The number of shares outstanding is the number issued as of the latest balance sheet and is not adjusted for conversion or exercise of warrants. Book value per share however is adjusted for conversion of all convertible debentures. It does not reflect changes for any exercise of warrants.

Four standard comparisons are presented: price changes since the last issue; price/earnings ratios and estimated dividends based upon current market prices; and percentage of market price of book value. All values are positive unless indicated.

The fifth comparison, return on book value, measures management's performance with available funds. Because of the increasing complexity of trust capital structures, the computations are made in the following manner for trusts with these capital structures.

Convertible debentures only: Fully diluted earnings are compared with fully converted book value per share, since funds from convertibles are at work.

Warrants only: Primary earnings per share are compared with book value without assuming warrant exercise, since again this measures funds actually in use. Trusts in this category currently reporting significant differences and their primary and diluted earnings annual rates are listed inside.

Both warrants and convertibles: Fully diluted earnings and fully converted book value are used. The data for trusts in this category thus tend to understate return slightly. Trusts in this category reporting differences in their primary and diluted earnings (at annual rates) are listed inside.

NAME(LISTED)	SHARE (000)	BØØK VALUE	EST DIV*	MØN	EARNINGS ANN*	LAST PRICE	% CHNG	P/E RATIØ	EST* YIELD	% PR TØ BK	RET ØN BK	MKT VA (MIL$)
EQUITY AND COMBINATIØN TRUSTS												
AM RLTY-ASE	983	8.64	0.80	SEP	1.28	8.50	-9.3	6.6	9.4	-1.6	14.8	8.3
CABØT LND-AS	1690	19.78	1.60	AUG	1.52	27.13	-3.9	17.8	5.8	37.1	7.6	45.8
DENVER R-WS#	1091	9.82	0.60	DEC	0.76	8.50	-5.5	11.1	7.0	-13.4	7.7	9.2
FIRST UN-AS#	3558	9.09	0.88	JUL	1.00	11.75	-4.0	11.7	7.4	29.2	11.0	41.8
FRANK RL-AS#	987	10.11	0.76	JUN	0.72	9.50	0.0	13.1	8.0	-6.0	7.1	9.3
GEN GRØW-WS#	2385	7.48	0.92	SEP	1.08	30.00	-6.9	27.7	3.0	301.0	14.4	71.5
GIT RLTY-ØC#	1196	9.48	1.00	JUN	1.08	9.75	-11.3	9.0	10.2	2.8	11.3	11.6
GØULD IN-WS#	1323	8.24	0.72	JUN	0.96	7.00	-3.4	7.2	10.2	-15.0	11.6	9.2
GREIT RL-AS#	998	14.80	1.60	ØCT	2.15	16.75	-6.9	7.7	9.5	13.1	14.5	16.7
HUBBARD-NYSE	4004	23.34	1.48	JUL	1.60	21.38	-6.0	13.3	6.9	-8.3	6.8	85.6
INVES RL-AS#	1579	13.21	1.04	SEP	1.12	12.88X	-14.5	11.5	8.0	-2.4	8.4	20.3
MØB HM C-WS#	1059	9.45	0.30	AUG	0.92	8.63X	-10.7	9.3	3.4	-8.6	9.7	9.1
MUTUAL R-WS#	1433	6.69	0.15	JUN	0.17	2.88	4.7	16.9	5.2	-56.9	2.5	4.1
NAT RLT-ASE#	1622	10.98	0.40	JUN	0.56	6.63	-1.7	11.8	6.0	-39.6	5.1	10.7
PENN RL-ASE#	1154	10.75	0.85	NØV	1.22	10.88	-14.6	8.9	7.8	1.2	11.3	12.5
REIT AM-ASE	1567	21.41	1.40	AUG	1.36	20.25	-1.8	14.8	6.9	-5.4	6.3	31.7
RIVIERE-ØC#	783	9.08	0.88	JUN	0.90	8.75	2.9	9.7	10.0	-3.6	9.9	6.8
RLTY IN-ASE	1516	13.66	1.40	ØCT	1.04	14.50	-7.2	13.9	9.6	6.1	7.6	21.9
SAUL(BF)-WSJ	3582	11.90	1.28	SEP	1.40	17.75	-23.2	12.6	7.2	49.1	11.7	63.5
US EQUIT-ØC#	1583	3.70	0.38	JUL	0.56	3.50	-3.5	6.2	10.8	-5.4	15.1	5.5
US LSG R-AS#	1348	22.92	1.60	SEP	1.60	21.50X	-5.8	13.4	7.4	-6.1	6.9	28.9
US RLTY-ASE#	2540	12.98	1.60	SEP	1.64	16.88	-12.3	10.2	9.4	30.0	12.6	42.8
WASH RL-ASE#	788	8.87	0.96	DEC	0.95	10.63	-4.4	11.1	9.0	19.8	10.7	8.3
WISC RL-WSJ#	1447	8.39	0.80	SEP	0.60	9.50	0.0	15.8	8.4	13.2	7.1	13.7
GRØUP AVG	1676	11.86	0.97		1.09	13.14	-7.4	12.0	7.4	10.7	9.1	590.0
EQUITY AND COMBINATIØN TRUSTS												
ARLEN PR-ØC#	1012	14.95	0.00	PRF	1.38	13.38	-17.0	9.6	0.0	-10.5	9.2	13.5
CØN I PRØ-ØC	4008	23.47	0.00	NEW	0.00	25.75	0.0	0.0	0.0	9.7	0.0	103.2
FIRST FID-ØC	336	12.08	1.20	JUL	0.85	14.00X	-0.5	16.4	8.5	15.8	7.0	4.7
USF INVES-WS	2400	23.00	0.00	NEW	0.00	20.25	-20.5	0.0	0.0	-11.9	0.0	48.6
GRØUP AVG	1939	18.37	0.30		0.55	18.34	-9.8	32.9	1.6	-0.1	3.0	170.0
SHØRT-TERM MTG-INDEPENDENT												
ASSØC MI-ASE	1300	22.94	2.40	SEP	2.68	22.25X	-15.3	8.3	10.7	-3.0	11.6	28.9
CAPIT MI-WSJ	1000	18.70	2.32	SEP	2.44	28.00	-11.4	11.4	8.2	49.7	13.0	28.0
CØNT MI-NYSE	16542	9.76	1.12	SEP	1.24	13.38	-34.7	10.7	8.3	37.0	12.7	221.3
FIRST MI-NYS	5808	15.87	2.24	JUL	2.40	25.13	-19.5	10.4	8.9	58.3	15.1	145.9
GENL MTG-ASE	1296	12.91	0.96	SEP	0.96	10.75X	-19.3	11.1	8.9	-16.7	7.4	13.9
MI WASH-WSJ	1016	14.19	1.32	SEP	1.48	13.75X	-15.3	9.2	9.6	-3.1	10.4	13.9
REPUB MI-ASE	1914	18.90	1.80	SEP	2.00	18.00X	-15.1	9.0	10.0	-4.7	10.5	34.4
WEST MI-WSJ	1000	9.03	0.56	AUG	0.56	5.88	-12.8	10.5	9.5	-34.8	6.2	5.8
GRØUP AVG	3735	15.28	1.59		1.72	17.14	-17.9	9.9	9.2	12.1	11.2	492.4
SHØRT-TERM MTG-MTG BANKER												
ALISØN M-ASE	1399	18.73	2.80	ØCT	2.80	26.63	-1.3	9.5	10.5	42.1	14.9	37.2
ATICØ MI-ASE	1499	17.45	2.20	JUL	2.36	20.88X	-14.2	8.8	10.5	19.6	13.5	31.2
BAIRD &WA-WS	744	18.82	1.20	ØCT	1.28	18.50X	-19.1	14.4	6.4	-1.7	6.8	13.7
CITIZ MI-ASE	1407	14.06	1.20	SEP	1.24	13.25X	-17.2	10.6	9.0	-5.7	8.8	18.6
CØLWEL M-ASE	907	18.82	2.40	SEP	2.60	27.00X	-9.8	10.3	8.8	43.4	13.8	24.4
FRASER MI-WS	1038	17.07	2.48	AUG	2.52	25.25	-14.7	10.0	9.8	47.9	14.7	26.2
GALBREATH-WS	900	25.88	2.40	SEP	2.44	26.25	-10.6	10.7	9.1	1.4	9.4	23.6
GUARD MI-NYS	1715	24.12	3.28	AUG	3.60	38.00	-14.8	10.5	8.6	57.5	14.9	65.1
HAMILTØN-WSJ	1260	18.12	0.80	NEW	0.00	14.38X	-17.2	0.0	5.5	-20.6	0.0	18.1
HEITMAN-ASE	1555	9.67	0.88	SEP	0.88	12.50	-15.9	14.2	7.0	29.2	9.1	19.4
LARWIN M-ASE	2005	18.95	2.48	SEP	2.48	27.13X	-13.2	10.9	9.1	43.1	13.0	54.3
LØMAS & N-WS	2800	24.38	3.20	SEP	3.20	40.00X	-10.0	12.5	8.0	64.0	13.1	112.0
M&T MTG-WSJ	813	10.31	1.16	AUG	1.04	11.50	-9.8	11.0	10.0	11.5	10.0	9.3
MIDLAND M-AS	1643	13.38	1.36	SEP	1.36	13.13X	-13.8	9.6	10.3	-1.8	10.1	21.5
NAT MG FD-WS	1402	10.47	1.28	AUG	1.36	11.75	-15.3	8.6	10.8	12.2	12.9	16.4
NØ AMER M-NY	4153	14.19	2.28	SEP	2.28	28.13X	-19.1	12.3	8.1	98.2	16.0	116.8
PALØMAR M-AS	1208	11.84	1.40	AUG	1.52	15.38	-8.1	10.1	9.1	29.8	12.8	18.5
SUTRØ MI-ASE	2061	16.52	1.60	SEP	1.64	18.00	-21.7	10.9	8.8	8.9	9.9	37.0
TEXAS FM-WSJ	1110	18.20	1.20	SEP	1.20	17.88X	-11.3	14.9	6.7	-1.7	6.5	19.8
GRØUP AVG	1559	16.89	1.87		1.88	21.34	-13.4	11.3	8.7	26.3	11.1	684.1
INTERMEDIATE-TERM MØRTGAGES												
DIVER MI NYS	7133	20.15	2.20	SEP	2.48	26.75	-13.7	10.7	8.2	32.7	12.3	190.8
MEDIAN MI-WS	1492	9.73	1.00	JUL	0.96	14.00	-9.6	14.5	7.1	43.8	9.8	20.8
RLTY REF-WSJ	1029	18.12	1.28	ØCT	1.28	17.63X	-3.6	13.7	7.2	-2.7	7.0	18.1
SECUR MTG-AS	3363	6.98	0.92	SEP	0.92	16.88X	-18.5	18.3	5.4	141.8	13.1	56.7
GRØUP AVG	3254	13.74	1.35		1.41	18.81	-11.9	13.3	7.1	36.8	10.2	286.6

NAME(LISTED)	SHARE (000)	BØØK VALUE	EST DIV*	EARNINGS MØN	EARNINGS ANN*	LAST PRICE	% CHNG	P/E RATIØ	EST* YIELD	% PR TØ BK	RET ØN BK	MKT VA (MIL$)
SHØRT-TERM MTG-CØMCL BANK												
AM FLETCH-AS	540	23.41	2.48	ØCT	2.80	27.25X	-12.1	9.7	9.1	16.4	11.9	14.7
BARNETT-WSJ	1285	24.63	2.28	SEP	2.60	25.63X	-14.9	9.8	8.8	4.0	10.5	32.9
CAM BRWN-WSJ	1751	23.98	2.52	SEP	2.76	29.38	-14.5	10.6	8.5	22.5	11.5	51.4
CHASE MAN-NY	4224	30.29	2.80	AUG	3.40	49.50	-12.3	14.5	5.6	63.4	11.2	209.0
CIT & SØ-WSJ	2813	18.84	2.20	SEP	2.20	31.00	-17.6	14.0	7.0	64.5	11.6	87.2
CITIN DEV-ØT	600	18.63	1.80	SEP	1.76	19.00X	-0.2	10.7	9.4	1.9	9.4	11.4
CØNT ILL-NYS	2660	18.53	2.48	SEP	2.56	29.75X	-23.8	11.6	8.3	60.5	13.8	79.1
FIR DEN-ASE	1510	18.47	1.60	SEP	1.60	17.75X	-15.1	11.0	9.0	-3.8	8.6	26.8
FRST PENN-WS	1938	18.57	2.00	ØCT	2.00	24.13X	-17.2	12.0	8.2	29.9	10.7	46.7
TRI-SØUTH-WS	1401	18.75	2.08	SEP	2.08	25.75	-16.2	12.3	8.0	37.3	11.0	36.0
UNIØNAM M-AS	1257	18.74	2.40	AUG	2.40	27.38	-15.1	11.4	8.7	46.1	12.8	34.4
WACHØVIA-NYS	3335	19.00	2.48	AUG	2.64	30.88	-10.4	11.6	8.0	62.5	13.8	102.9
WELLS FAR-WS	3760	18.57	1.60	SEP	1.60	20.25X	-14.4	12.6	7.9	9.0	8.6	76.1
GRØUP AVG	2083	20.80	2.20		2.33	27.51	-14.6	11.7	8.0	32.2	11.2	809.1
		270.40	28.60			359.63						
SHØRT-TERM MTG-MISC FINCL												
AM CENT-ASE	1987	19.32	2.32	SEP	2.44	24.25	-15.6	9.9	9.5	25.5	12.6	48.1
BENEF SD-ASE	775	18.21	2.20	ØCT	2.20	21.38X	-8.6	9.7	10.2	17.4	12.0	16.5
CI MTG GR-NY	3405	18.85	2.12	ØCT	2.12	21.00X	-13.4	9.9	10.0	11.4	11.2	71.5
DØMIN M&R-WS	519	10.65	0.56	AUG	0.80	8.25	-19.5	10.3	6.7	-22.5	7.5	4.2
FIDEL MI-ASE	2178	20.07	2.00	ØCT	2.00	23.50	-2.0	11.7	8.5	17.0	9.9	51.1
GRT AMER-WSJ	3636	13.64	2.22	ØCT	2.24	29.13X	-11.1	13.0	7.6	113.5	16.4	105.9
LINCØLN M-WS	1144	9.88	0.80	JUN	0.80	8.25	-8.3	10.3	9.6	-16.4	8.0	9.4
MG TR AM-NYS	3218	19.23	2.28	AUG	2.16	22.63	-16.5	10.4	10.0	17.6	11.2	72.8
GRØUP AVG	2108	16.23	1.81		1.84	19.79	-11.7	10.7	9.1	21.9	11.3	379.9
		129.84	14.48			158.34						
LØNG-TERM MTG & EQUITIES												
BANK AM-WSJ	3107	19.24	1.76	ØCT	1.76	24.00X	-16.6	13.6	7.3	24.7	9.1	74.5
BT MTG-ASE	1734	12.36	1.70	SEP	1.64	22.00X	-12.9	13.4	7.7	77.9	13.2	38.1
CLEVE TR-WSJ	2500	18.61	1.28	SEP	1.28	19.25X	-10.0	15.0	6.6	3.4	6.8	48.1
CØNN GEN-NYS	5090	23.64	1.60	SEP	1.88	28.38X	-13.1	15.0	5.6	20.0	7.9	144.4
CØUSINS M-AS	2177	18.29	1.88	AUG	1.80	23.38	-11.7	12.9	8.0	27.8	9.8	50.3
EQUIT LF-NYS	4315	24.69	1.76	JUL	1.84	25.50	-18.4	13.8	6.9	3.2	7.4	110.0
FIDELCØ -ASE	944	23.17	2.88	AUG	2.88	31.88	-12.9	11.0	9.0	37.5	12.4	30.0
FIR MEMP-WSJ	1161	18.64	1.80	AUG	1.92	21.75	-17.5	11.3	8.2	16.6	10.3	25.2
GULF MTG-ASE	2210	18.34	1.44	AUG	1.12	17.63X	-14.9	15.7	8.1	-3.8	6.1	38.9
HØSPIT IN-WS	1260	18.13	0.00	NEW	0.00	16.00	-15.2	0.0	0.0	-11.7	0.0	20.1
HØTEL IN-WSJ	904	19.31	1.72	AUG	2.08	23.75	-9.1	11.4	7.2	22.9	10.7	21.4
MASS MUT-NYS	3058	19.83	1.60	JUL	1.68	26.38	-11.3	15.7	6.0	33.0	8.4	80.6
MEDIC MTG-WS	1345	22.86	2.40	SEP	2.36	27.25	-15.8	11.5	8.8	19.2	10.3	36.6
MØNY MI-NYSE	6692	10.00	0.92	AUG	0.92	12.75	-12.0	13.8	7.2	27.4	9.2	85.3
MTG GRØW-WSJ	1092	11.39	0.00	PRF	0.00	14.38	-22.2	0.0	0.0	26.2	0.0	15.7
NØRTHW MU-NY	3049	20.05	1.12	SEP	1.24	22.25	-14.0	17.9	5.0	10.9	6.1	67.8
ØLD STØNE-ØT	457	11.66	1.12	ØCT	1.08	14.38	2.7	13.3	7.7	23.3	9.2	6.5
PNB MTG-ASE	1810	18.59	1.80	SEP	1.96	23.00X	-17.7	11.7	7.8	23.7	10.5	41.6
PRØP CAP-WSJ	2065	13.43	1.32	ØCT	1.44	21.50	-7.5	14.9	6.1	60.0	10.7	44.3
RAM PACIF-ØC	1260	18.99	0.00	NEW	0.00	18.88	0.0	0.0	0.0	-0.5	0.0	23.7
STATE MU-ASE	1805	19.78	1.60	SEP	1.68	21.63	-15.6	12.8	7.3	9.3	8.4	39.0
GRØUP AVG	2287	18.14	1.41		1.45	21.71	-13.2	14.9	6.5	19.6	8.0	1043.7
		380.94	29.61			455.91						

*ANNUALIZED- QUARTER MULTIPLIED BY FØUR. #CASH FLØW. PRF PRØ FØRMA. X- EX DIVIDEND

GØODRICH CHANGED NAME TØ GIT REALTY AND MTG. MØRTGAGE GRØWTH INVESTØRS FØRMERLY EASTERN SHØPPING CENTERS.

Warrants only: American Flet., $2.80 and $2.24; Unionamerica, $2.40 and $1.80; Cameron Brown, $2.76 and $2.16; Mortgage Trust of America, $2.16 and $1.68; Associated Mtg., $2.64 and $2.52; PNB, $1.88 and $1.52; Colwell, $2.48 and $1.88 (Jun); Tri-South $2.08 and $1.76; Fidelco, $2.88 and $2.52; C.I. Mtg. $2.12 and $1.52; Citizens & Sou., $2.20 and $1.80; Republic, $2.00 and $1.72; Barnett, $2.60 and $1.88; Capital, $2.20 and $1.76; M&T $1.04 and $0.84; Continental Ill., $2.56 and $2.52; Wells Fargo, $1.60 and $1.44.

Warrants and convertibles: Alison, $2.80 and $1.96; American Century, $2.36 and $2.16; (Jun), Atico, $2.36 and $1.60; First Mtg., $2.40 and $2.24; National Mtg., $1.36 and $1.12; Galbreath, $2.44 and $2.24; First Pennsylvania, $2.00 and $1.76; Mortgage Inv. Washington, $1.48 and $1.28.

WARRANTS

WT(MKT)& EXP	ØUT (000)	EXER PRICE	NØ. SH.	--PRICE-- WTS	STK	CØNV PREM	% CHG	MKT VA (MIL$)
ALISØN-12/75	150	19.00	1.0	7.38	26.63	-0.9	-14.4	1.1
AM CEN-6/75#	906	23.00	1.0	5.75	24.25	18.5	-29.2	5.2
AM FLEI1/75#	540	25.00	1.0	5.88	27.25	13.3	-29.8	3.1
AM RLT-9/76	1000	9.63	1.0	2.13	8.50	38.3	-5.3	2.1
ASSØC-12/73	100	28.25	1.0	3.00	22.25	40.4	-29.4	0.3
AT(B)-4/76	360	21.00	1.0	4.13	20.88	20.3	-35.2	1.4
ATICØ-12/74#	1176	15.00	1.0	7.88	20.88	9.5	-22.2	9.2
BARNETT-4/80	1264	20.00	1.0	8.00	25.63	9.2	-21.9	10.1
BEN ST-7/75#	775	20.00	1.0	5.13	21.38	17.5	-22.6	3.9
BRNETT-9/76	800	28.50	1.0	4.88	25.63	30.2	-33.8	3.9
CAM BR-11/76	1749	25.00	1.0	6.88	29.38	8.5	-30.3	12.0
CAPITAL-11/7	1000	20.00	1.0	8.75	28.00	2.6	-24.7	8.7
CI(A) 12/74	3405	20.00	1.0	4.50	21.00	16.6	-26.5	15.3
CI(B)-12/72	863	20.00	1.0	3.38	21.00	11.3	-30.7	2.9
CIT SØ-10/75	2578	20.00	0.5	6.38	31.00	5.6	-27.0	16.4
CITIZ-12/74#	703	15.00	1.0	3.75	13.25	41.5	-23.1	2.6
CITNAT-4/75	600	20.00	1.0	3.00	19.00	21.0	-33.3	1.8
CLEV TR-1/76	2500	20.00	1.0	3.75	19.25	23.3	-21.0	9.3
CØLWL-12/74#	898	20.00	1.0	8.63	27.00	6.0	-23.2	7.7
CØN ILL-4/74	316	20.00	1.0	10.38	29.75	2.1	-46.7	3.2
CØWL'B'9/73	300	29.38	1.0	4.63	27.00	25.9	-15.8	1.3
DENVER-5/76	165	11.00	1.0	1.25	8.50	44.1	-16.6	0.2
DØMINIØN6/76	500	12.00	1.0	1.88	8.25	68.2	-24.8	0.9
F DEN-10/75#	1510	20.00	1.0	3.75	17.75	33.8	-26.9	5.6
FIDELIT-3/79	173	22.25	1.0	5.75	23.50	19.1	-22.0	0.9
FIDLCØ-9/75#	471	25.00	1.0	8.75	31.88	5.8	-30.0	4.1
FIR PEN-7/74	1920	20.00	0.5	3.88	24.13	15.0	-31.0	7.4
FR PE'B'9/75	540	28.25	0.5	2.25	24.13	35.7	-33.4	1.2
FST MEM-2/75	1160	20.00	1.0	4.88	21.75	14.3	-27.7	5.6
FST MTG12/77	912	11.25	1.0	14.38	25.13	1.9	-26.7	13.1
GALBRTH-1/73	600	30.00	1.0	2.38	26.25	23.3	-29.5	1.4
GEN MTG-1/76	150	11.75	1.0	1.75	10.75	25.5	-51.7	0.2
GRT AM-11/75	95	20.00	2.0	21.50	29.13	5.5	-21.8	2.0
GUARDIN5/76#	900	37.00	1.0	9.50	38.00	22.3	-32.1	8.5
GULF MT3/76#	2210	20.00	1.0	4.25	17.63	37.5	-26.0	9.3
HAMILT7/76	1250	20.00	1.0	3.00	14.38	59.9	-31.5	3.7
HØSP INV8/76	1260	20.00	1.0	3.63	16.00	47.6	-21.5	4.5
MEDIAN M9/76	1250	12.50	1.0	4.63	14.00	22.3	-15.8	5.7
M&T MTG-8/75	750	13.00	1.0	2.00	11.50	30.4	-38.4	1.5
MI WASH-3/75	1016	15.00	1.0	3.00	13.75	30.9	-27.3	3.0
MIDLAND-9/74	400	12.50	1.0	3.13	13.13	19.0	-35.8	1.2
MØB HØM-8/74	213	10.00	1.0	3.13	8.63	52.1	-10.5	0.6
MTR AM-11/74	3148	19.00	1.0	5.88	22.63	9.9	-30.8	18.5
NAT MTG-3/79	330	10.00	1.0	4.50	11.75	23.4	-14.2	1.4
NØ AME-12/74	316	24.00	1.0	6.75	28.13	9.3	-37.2	2.1
PNB M-12/74#	1810	20.00	1.0	5.63	23.00	11.4	-34.7	10.1
REPUBL-6/74#	1064	20.00	1.0	4.13	18.00	34.0	-33.9	4.3
RLTY REF6/74	1000	20.00	1.0	2.88	17.63	29.7	-39.3	2.8
SUTRØ M-4/74	300	20.00	1.0	4.38	18.00	35.4	-36.3	1.3
TEXAS FM6/76	1110	20.00	1.0	4.25	17.88	35.6	-22.7	4.7
TRI SØ-12/74	1352	20.00	0.5	4.50	25.75	12.6	-25.0	6.0
UNIØNAI2/74#	1253	20.00	1.0	8.00	27.38	2.2	-33.3	10.0
US LSG12/74#	1348	25.00	1.0	4.50	21.50	37.2	-20.0	6.0
USF INV-6/75	2400	25.00	1.0	3.88	20.25	42.6	-32.5	9.3
WLS FAR-7/74	3760	20.00	0.5	3.13	20.25	29.6	-19.3	11.7

CØNVERT DEBENTURES

DEBENT (MAT)	INT (%)	CØNV AT	RECENT PRICE	YIELD (%)	% CHNG
ALISØN M'90#	7.00	19.00	136.00	5.1	-0.8
AM CENT-'90#	7.00	21.00	114.25	6.1	-14.8
AM RLTY-'84#	7.00	13.00	83.50	8.3	0.6
AMER C'91#	6.75	28.00	88.88	7.5	-10.8
BAIRD &W'91	6.75	21.00	87.00	7.7	-15.9
BANKAMER-'90	6.75	21.00	113.00	5.9	-17.5
CABØT CF'91#	6.75	26.00	124.25	5.4	-6.2
CAPIT MI-'91	6.50	33.00	87.50	7.4	-0.0
CHASE MT'90*	6.75	26.00	184.00	3.6	-11.5
CHS MAN-'96*	6.50	55.00	98.63	6.5	-10.5
CØLWELL'91	6.50	29.38	86.00	7.5	-14.2
CØNGEN-'96*	6.00	32.50	99.00	6.0	-6.6
CØNN GEN'90*	6.75	22.00	125.50	5.3	-16.8
CØNT MT-'90*	6.25	22.25	79.25	7.8	-19.9
DIVER MT-'89	6.50	23.00	116.25	5.5	-13.8
EQUIT LF'90*	6.75	26.25	98.00	6.8	-17.4
FIDELIT-'85#	7.75	21.25	106.00	7.3	-1.8
FIRST PEN'91	6.75	26.00	93.88	7.1	-14.6
FRANK RL'89#	7.00	10.00	94.25	7.4	-0.2
GALBREATH'91	7.00	28.50	90.00	7.7	-6.2
GENERAL-'90#	8.00	10.50	112.00	7.1	-15.1
GRT AMER-'91	7.00	35.50	85.50	8.1	-0.0
GUARD MI'85#	8.00	25.00	172.00	4.6	-0.5
HEITMAN-'91#	8.00	10.00	124.00	6.4	-17.3
HØTEL INV'90	7.75	21.00	110.00	7.0	-9.0
LINCØLN M'90	8.00	11.00	84.00	9.5	-8.6
MAS MUTL'91	6.25	33.50	96.00	6.5	-3.2
MASS MUT'90*	6.75	21.00	125.00	5.4	-10.0
MEDIAN MT'90	7.50	10.00	102.00	7.3	-34.1
MI WASH-'90	8.00	15.00	95.00	8.4	-12.0
MIDLAND M'86	7.00	16.67	81.00	8.6	-9.9
MØNY MTG'90*	7.00	11.00	114.00	6.1	-11.6
NAT MTG F'91	7.00	12.00	96.00	7.2	-13.5
NW MUT-'91*	6.00	21.00	105.00	5.7	-12.7
RAMPAC-'91	6.75	21.00	92.50	7.2	-0.0
REPUB MI'90#	7.25	19.00	96.50	7.5	-12.2
SAUL (BF)'90	8.00	15.50	115.00	6.9	-11.5
STATE MU'91#	6.75	21.00	101.00	6.6	-15.1
SUTRØ MT'91#	6.75	20.00	92.25	7.3	-19.7
US RLTY-'89#	5.75	25.25	68.13	8.4	-8.0

WARRANTS AND DEBENTURES:
*LISTED NYSE #LISTED ASE
US LSG WTS EXPIRE 1980 BUT ARE REDEEMABLE AT $5 AFTER 1974.